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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



03015779

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

OMB APPROVAL  
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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

S. G. MARTIN SECURITIES LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

8 BROADWAY

OFFICIAL USE ONLY

FIRM ID. NO.

(No. and Street)

ROCKY POINT

NY

11778

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

EMANUEL PANTELAKIS

631-209-0090

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

KOSHERS & COMPANY

(Name — if individual, state last, first, middle name)

1094 MERRICK AVENUE

MERRICK

NY

11566

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

APR 04 2003

FOR OFFICIAL USE ONLY

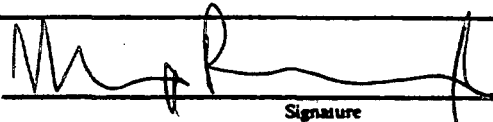
THOMSON  
FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

## OATH OR AFFIRMATION

I, EMANUEL PANTELAKIS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of S. G. MARTIN SECURITIES LLC, as of DECEMBER 31~~st~~, 19 2002 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Signature  
VICE PRESIDENT  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public 3/28/03

GEORGE DEMOS  
NOTARY PUBLIC, STATE OF NEW YORK  
NO. 41-4949647  
QUALIFIED IN QUEENS COUNTY  
COMMISSION EXPIRES APRIL 17, 2003

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

S. G. MARTIN SECURITIES LLC

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

DECEMBER 31, 2002

# KOSHERS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

STEPHEN KOSHERS, C.P.A.  
MITCHELL H. KOSHERS, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

JOSEPH CIPOLLONE, C.P.A.  
BRYAN KOSHERS, C.P.A.

To The Board of Directors of  
S. G. Martin Securities LLC

We have audited the accompanying statement of financial condition of S. G. Martin Securities LLC as of December 31, 2002 and the related statements of operations, stockholders' equity, changes in subordinated borrowings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of S. G. Martin Securities LLC as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented to comply with the requirements of Rule 17a-5 of the Securities and Exchange Commission and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Koshers & Company*

March 14, 2003  
Merrick, New York

Exhibit A

S. G. MARTIN SECURITIES LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2002

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 2,509
Receivables From Brokers	195,118
Securities Owned:	
Marketable - at market value	41,804
Not Readily Marketable - At Estimated Fair Value	25,709
Prepaid Expenses and Other Current Assets	250
	-----
	265,390
Other Assets	
Deposits	6,800
	-----
	\$ 272,190
	=====

See Notes To Financial Statements.

Exhibit A-1

S. G. MARTIN SECURITIES LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2002

LIABILITIES & MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$	46,517
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MEMBER'S EQUITY

Accumulated (Deficit)		225,673
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	\$	272,190
--	----	---------

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See Notes To Financial Statements.

Exhibit B

S. G. MARTIN SECURITIES LLC  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2002

REVENUES

Commissions	\$ 491,972
Realized Gain On Firm Trading Investments	182,711
Interest and Other Income	161,349
	-----
	836,032
	-----

EXPENSES

Salaries - Officers	37,611
- Trading	218,663
- Administration	43,044
Employee Payroll Taxes	30,946
Clearing, Commissions and Brokerage Charges	226,671
Regulatory Fees and Expenses	38,165
Occupancy Costs - Rent	20,800
- Utilities and Taxes	2,735
Office, Administrative and Other Operating	94,273
Professional Fees	36,944
Communication	62,388
	-----
	812,240
	-----

NET INCOME

\$ 23,792  
=====

See Notes to Financial Statements.

Exhibit C

S. G. MARTIN SECURITIES LLC  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2002

Balance - January 1, 2002	\$ 173,974
Net Income	23,792
Capital Contributions	30,000
Draw	(2,093)
	-----
Balance - December 31, 2002	\$ 225,673
	=====

See Notes To Financial Statements.

Exhibit D

S. G. MARTIN SECURITIES LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	\$ 23,792
Adjustments To Reconcile Net (Loss) To Net Cash Provided By Operating Activities:	
Changes In Operating Assets And Liabilities:	
(Increase) Decrease In:	
Receivables from Brokers	(4,269)
Securities Owned	(46,563)
Prepaid Expenses And Other	44,107
Increase (Decrease) In:	
Accounts Payable And Accrued Expenses	(42,465)
Cash Flows From Financing Activities	
Proceeds From Contributions To Additional Paid-In Capital	27,907
	-----
Decrease In Cash And Equivalents	2,509
Cash And Cash Equivalents - Beginning	-0-
	-----
Cash And Cash Equivalents - End	\$ 2,509
	=====

See Notes To Financial Statements.

Computation of Net Capital	
Total Stockholder's Equity Qualified For Net Capital	\$ 225,673
Deductions	
Other	32,759
	-----
Net Capital Before Haircuts	192,914
	-----
Haircuts On Securities	
Debt Securities	6,271
Other Securities	931
Undue Concentration	
	-----
	\$ 185,712
	-----
Computation Of Basic Net Capital Requirement	
Computation Of Aggregate Indebtedness -	
Total Liabilities	46,517
	-----
Aggregate Indebtedness	46,517
	-----
Minimum Net Capital Requirement - 6.67% of	
Adjusted Aggregate Indebtedness	3,101
	-----
Net Capital Requirement	100,000
	-----
Net Capital In Excess Of Requirement	85,712
	=====
Ratio Of Aggregate Indebtedness To Net Capital	25.05%
	=====

There were no material differences noted between the computation of net capital under Rule 15c3-1 of the Securities Exchange Act of 1934 as reported above and as contained in the unaudited FOCUS report dated December 31, 2002, as filed by the Company.

S. G. MARTIN SECURITIES LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1- ORGANIZATION

S. G. Martin Securities LLC, (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and the National Association of Securities Dealers, Inc. ("NASD"). The Company commenced brokerage operations on November 24, 1999, the date on which it became an NASD member firm. The Company is wholly-owned by Westwind Holdings LLC("Holdings").

The Company executes principal and agency transactions in listed and over-the-counter securities, makes markets in over-the-counter equities and engages in investment banking activities. All customer transactions are cleared on a fully disclosed basis through an independent clearing firm. Accordingly, the Company does not carry securities accounts for customers nor does it perform custodial functions related to their securities.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company records securities transactions, including gains from securities trading and commission revenue and expense, on a settlement-date basis.

Securities owned are carried at market value with unrealized gains and losses reflected in income. Securities positions consist entirely of publicly traded equities.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

S. G. MARTIN SECURITIES LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 3 - INCOME TAXES

As a single member LLC, the Company files income tax returns in combination with Holdings. The combined entity is not subject to federal or state income taxes. The members of Holdings report their proportionate share of membership taxable income or loss in their respective income tax returns.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and securities inventories. The Company maintains all inventory positions at its clearing firm.

NOTE 5 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company executes, as principal and agent, securities transactions on behalf of its customers and for its own account. If counter-parties fail to perform, the Company may be required to discharge the obligations of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contract value of the transaction. The Company attempts to mitigate the risk of default by reviewing, as necessary, the credit standing of a counter-party.

NOTE 6 - CONTINGENCY

The Company is a respondent in a pending arbitration involving various claims asserted by a customer. The Company is contesting the customer's allegations and believes that there are meritorious defenses to the claims. The Company's counsel has stated that the likelihood of the litigation being a decision benefitting S. G. Martin Securities LLC is high. As of December 31, 2002, the Company has not established a loss provision in the accompanying financial statements for any liability that may result from this contingency.

S. G. MARTIN SECURITIES LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 7 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had net capital of \$ 185,712 which is \$ 85,712 in excess of its required net capital of \$ 100,000. The Company's net capital ratio of aggregate indebtedness to net capital was 25.05%.

# KOSHERS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

STEPHEN KOSHERS, C.P.A.  
MITCHELL H. KOSHERS, C.P.A.

JOSEPH CIPOLLONE, C.P.A.  
BRYAN KOSHERS, C.P.A.

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED UNDER RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION

To The Board of Directors of  
S. G. Martin Securities LLC

In planning and performing our audit of the financial statements of S. G. Martin Securities LLC for the year ended December 31, 2002 we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)11 and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making quarterly securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and practice and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives.

The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5 (g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of the inherent limitation in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5 (g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

*Koshers & Company*

March 14, 2003  
Merrick, New York